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C O N F I D E N T I A L SECTION 01 OF 02 THE HAGUE 001797

SIPDIS

STATE FOR D, T, P, EUR, PM, EUR/RPM, EUR/UBI  
OSD FOR ISA/NATO, ASD GANSLER, DASD VOLKMAN, PASS DSCA  
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TAGS: [MASS](#) [ETTC](#) [MCA](#) [PCAP](#) [ETRD](#) [KSEP](#) [PREL](#) [NL](#) [NATO](#)  
SUBJECT: DUTCH INITIAL REACTIONS TO DTSI, MORE ON F-16 MNCP  
POSS PURCHASE OF PGM'S

REF: A. SECSTATE 97186  
B. BERLIN 2441  
C. SECSTATE 101175  
D. USNATO 1315

CLASSIFIED BY A/POLCOUNS E. LUNDBERG; REASONS 1.5 (B,D).

1.(U) ACTION REQUEST - SEE PARA. 4.

2.(C) SUMMARY: AT FIRST GLANCE, THE DUTCH "WELCOME" THE DTSI AND SEE IT AS A "POSITIVE STEP IN TRANSATLANTIC DEFENSE TRADE." NEVERTHELESS, THEY ARE RESERVING OVERALL JUDGMENT ON THE PROPOSALS UNTIL THEY LEARN MORE ABOUT THEM. THEY ARE ALSO EAGER TO LEARN MORE ABOUT HOW THE DTSI AND THE EXISTING GLOBALIZATION TALKS RELATE TO EACH OTHER. END SUMMARY.

3.(C) EMBASSY POLITICAL AND ODC REPS MET ON 6/13 WITH MFA AND MOD OFFICIALS TO DISCUSS INITIAL DUTCH REACTIONS TO THE DEFENSE TRADE SECURITY INITIATIVE. DUTCH ECONOMICS MINISTRY OFFICIALS PREVIOUSLY HAD ATTENDED A DUTCH INTERNAL MEETING AND THEIR COMMENTS WERE PASSED ON BY MFA OFFICIALS. CAVEATING THAT THEIR REACTIONS WERE ONLY "INITIAL AND NOT YET AUTHORITATIVE," DUTCH DEPUTY SECURITY POLICY PDAS GAIUS SCHELTEMA AND DAS FOR EXPORT CONTROLS JOHAN COERT "WELCOMED THE DTSI" AS AN IMPORTANT STEP FORWARD IN THE TRANSATLANTIC TRADE MARKETPLACE. SCHELTEMA SAID THAT THE "SPECIFIC LINK TO THE DCI IS ALSO POSITIVE AND IMPORTANT." COERT ADDED THE DUTCH RECOGNIZED THAT MANY OF THE DTSI ELEMENTS WERE KEYED TO MOU GROUP LONG-STANDING TOPICS. ASKED BY POLOFF, COERT ADDED THAT INFORMAL DISCUSSION AMONG MOU GROUP MEMBERS IN WASHINGTON WAS ALSO "POSITIVE AND DEEMED A REAL STEP FORWARD." COERT ALSO ADDED THAT THE DUTCH ECONOMICS MINISTRY AEROSPACE DEPARTMENT DIRECTOR HAD JUST REPORTED TO HIS MFA AND MOD COLLEAGUES THAT DUTCH DEFENSE-RELATED COMPANIES WERE IMPRESSED BY THE INITIATIVE AND GENUINELY SENSED NEW POTENTIAL MARKET ACCESS AND TEAMING OPPORTUNITIES AS A RESULT OF THE DTSI.

4.(C) DUTCH MOD REP H.J. JANSSEN EXPRESSED A KEEN INTEREST, SECONDED BY THE MFA, IN LEARNING HOW THE EXISTING OSD-LED GLOBALIZATION DIALOGUE RELATED TO THE DTSI. POLOFF EXPLAINED THAT DTSI PRIMARILY RELATED TO THE EXPORT-CONTROL AND SENSITIVE TECHNOLOGY/INFORMATION SAFEGUARDING ELEMENTS ON THE GLOBALIZATION PILLAR STRUCTURE, BUT THAT THE TWO PROCESSES WERE STILL DIFFERENT. THE DUTCH NOTED THAT DASD VOLKMAN ALREADY HAD INVITED MOD'S DIRECTOR FOR PLANS AND INTERNATIONAL MATERIEL RELATIONS, BGEN TEUSSINK, TO JULY 11 TALKS IN WASHINGTON TO FURTHER EXPLORE A POSSIBLE U.S.-NETHERLANDS DECLARATION OF PRINCIPLES FOR DEFENSE EQUIPMENT AND INDUSTRIAL COOPERATION (DOP). THEY SAID THAT THEY HOPED TO HEAR MORE DETAILS THEN ON WHEN INDIVIDUAL ELEMENTS OF THE DTSI WOULD BECOME OFFICIAL, HOW THEY WOULD RELATE TO THE DOP PROCESS AND WHAT SPECIFICALLY WAS EXPECTED OF DUTCH TO COMPLY WITH ASPECTS OF THE OPPORTUNITIES OUTLINED IN THE DOP AND DTSI DIALOGUES. (EMBASSY COMMENT; THIS WOULD BE AN EXCELLENT OPPORTUNITY FOR PM PDAS SUCHAN TO BRIEF DUTCH OFFICIALS ON THE DTSI, AS NOTED IN REF.B. END COMMENT.) BOTH MOD AND MFA INTERLOCUTORS ALSO SUGGESTED THE U.S. USE COMBINATIONS OF A WEBSITE, REGULAR MOU GROUP BRIEFINGS, AND BOTH BACKGROUND NATO COMMITTEE AND POLITICAL LEVEL GATHERINGS TO REPORT PROGRESS. THEREBY, THEY INDICATED, THE ALLIANCE COULD USE PEER PRESSURE AS A CATALYST FOR BUILDING AND MAINTAINING MOMENTUM FOR THE PROGRAM.

5.(C) EMBASSY OFFICIALS THEN REVIEWED THE DTSI ELEMENTS, WITH THE DUTCH PROBING TO DETERMINE WHAT WOULD BE REQUIRED OF THE DUTCH GOVERNMENT, EITHER IN POLITICAL COMMITMENTS, REGULATORY ADJUSTMENTS OR NEW LEGISLATION, TO RESPOND TO THE U.S. OVERTURES. WE EXPLAINED THAT THEY SHOULD RECONSIDER THEIR PAST REFUSAL TO SIGN ONTO A BLANKET ASSURANCES AND ADVANCE CONSENT FOR THIRD COUNTRY TRANSFER OF USG-SOLD OR GRANTED DEFENSE ARTICLES STATEMENT. THE MFA SECURITY POLICY LAWYERS WERE NON-COMMITTAL IN RESPONSE, BUT HEARD OUT OUR ARGUMENTS

ABOUT HOW IT WOULD STREAMLINE LICENSING, REDUCE RISKS FOR CAPITAL INVESTORS IN DEFENSE PROGRAMS AND BE A CATALYST FOR MORE PREDICTABLE TRANSATLANTIC MARKETING ARRANGEMENTS, ALL CATALYSTS TO BETTER NATO DEFENSE INDUSTRIAL COOPERATION. (NOTE: THE DUTCH CHAMPIONED MOU GROUP REVIEW OF THIS MEASURE SEVERAL YEARS AGO ONLY TO REFUSE TO SIGN ONTO SUCH LANGUAGE AT THE CONCLUSION OF THE DIALOGUE WITH THE USG. END NOTE). WE ALSO NOTED THAT THEY ALREADY OPERATE A SPECIAL EMBASSY LICENSING PROGRAM. THE DUTCH SEEMED MOST INTERESTED IN LEARNING MORE ABOUT THE MAJOR PROJECT AND GLOBAL COOPERATIVE PROGRAM AUTHORIZATIONS AS WELL AS WHAT ROLE THEY MIGHT PLAY IN FACILITATING DUTCH BUSINESSES PARTICIPATING IN THE TECH DATA EXPORT AUTHORIZATION.

6.(C) SEPARATELY, DUTCH DEPUTY CHOD VAN BAAL DISCUSSED THE F-16 MNCP POSSIBLE JOINT ACQUISITION OF U.S. PGMS WITH POLOFF ON 6/14, NOTING IT COULD BE WORTH UP TO USD 400 MILLION IN EVENTUAL PURCHASES. HE SOUGHT ASSURANCES THAT THE DTSI COULD ACCOMMODATE THE LIKELY NECESSARY WAREHOUSING AND DISTRIBUTION PERMISSIONS AND MULTIPLE DESTINATION LICENSES. POLOFF EXPLAINED THAT THE ITEMS WERE HLSG-LISTED PRIORITIES AND THUS A KEY FOCUS OF THE DTSI. WHILE OFFERING NO SPECIFIC, BINDING ASSURANCE, POLOFF NOTED THE SORT OF "JOINT BUY" PROPOSED ON THE NATO DEFMIN MARGINS WOULD BE THOSE WE HOPE TO EXPEDITE WITH THE FMS REFORMS. VAN BAAL SEEMED CONTENT WITH ANSWER AND INDICATED THAT HE MIGHT SUGGEST TO BGEN TEUSSINK THAT THIS ISSUE BE ADDRESSED IN THE JULY 11 MEETINGS WITH DASD VOLKMAN. VAN BAAL ALSO NOTED THAT, WHILE THE DANES STILL NEEDED MORE TIME TO EXAMINE SOME OF THE "VIRTUAL WAREHOUSING" PROPOSALS AND COST FIGURES, HE FORESAW AN EARLY FALL 2000 TIMEFRAME FOR THE MNCP COUNTRIES TO FINALIZE THEIR PROPOSAL FOR THE JOINT PGM ACQUISITION. HE ADDED THAT THE FIRST WORKING GROUP IMPLEMENTATION MEETING WOULD BE "NEXT WEEK" IN LEUVEN BELGIUM. HE ALSO ELABORATED THAT THE MNCP COUNTRIES WERE ALL SEEKING LANTIRN AND WOULD FOCUS THEIR VIRTUAL WAREHOUSING ACQUISITIONS ALMOST EXCLUSIVELY ON THE NEW GPS-GUIDED FAMILY OF PGM'S. "THIS WAY WE CAN BUY INTO THE U.S. WAR STOCKS FOR CRISIS SITUATIONS," HE SUMMARIZED, "AND YOU CAN BE REASSURED THAT WE WILL NOT BUY THESE SORTS OF BOMBS ELSEWHERE."

SCHNEIDER